



Minority Staff  
Committee on Government Reform  
U.S. House of Representatives  
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## **Backgrounder for Members**

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# **Republican Claims about the VA Budget**

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Administration officials and Republicans in Congress have made several claims regarding the VA budget and its impact on veterans. This fact sheet evaluates these claims.

**Claim: The President's proposed budget for VA health care and the budget passed by the House and Senate are adequate because they increase VA funding over FY 2003 funding levels.**

The Facts: While it is true that the VA health care budget is increased for FY 2004, the proposed increase is insufficient to meet veterans' medical needs. According to the American Legion, the budget "comes \$1.9 billion short of maintaining an inadequate status quo."<sup>1</sup> The combined effects of medical inflation, which was 4.7% in 2002,<sup>2</sup> and new enrollment, which is expected to increase by 8% this year,<sup>3</sup> consume most of the increase.

The budget does contain important initiatives to reduce waiting times and improve care for a subset of veterans, mainly those with low incomes and service-related disabilities. But because the overall level of funding is inadequate, the budget pays for these initiatives that benefit some veterans by significantly cutting the medical care available for millions of other veterans. This "rob Peter to pay Paul" policy is fundamentally wrong.

Internal administration documents confirm that the budget passed by Congress is inadequate. The VA estimates that the cost of providing adequate health care to all veterans under current law in 2004 is \$30 billion.<sup>4</sup> The final budget, which gives VA \$30 billion for all discretionary funding in FY 2004, allocates only \$29 billion for VA health care. This is thus \$1 billion less than the Administration's own estimates acknowledge is needed to provide care to all veterans.

Moreover, the VA's fiscal constraints will get even worse due to cuts in future years. The budget passed by Congress provides \$1 billion less than the President's request for FY 2005 - FY 2008.<sup>5</sup> Overall, the VA budget for the next decade provides \$6 billion less funding than Congressional Budget Office estimates is necessary to meet obligations under current law.<sup>6</sup>

**Claim: The budget passed by the House and Senate do not make any cuts in VA's budget. According to Secretary Principi, "These days, the only cuts at VA are to the waiting lists for medical care and the backlog of compensation claims."**<sup>7</sup>

The Facts: The budget passed by Congress contains several provisions that would restrict care or increase the cost of care for millions of veterans. The House and Senate budget agreement endorses the President's proposals to increase fees and copays for over two million Priority 7 and Priority 8 veterans. The budget conferees agreed to provide the level of funding for VA care approved by the Senate. According to the conference report, "The Senate amendment assumes the enactment of legislation to establish the President's proposed \$250 enrollment fee for priority level 7 and 8 veterans. . . . The Senate amendment also assumes legislation will be enacted to increase the insurance and prescription drug co-payments for Priority 7 and 8 veterans to \$20 and \$15, respectively."<sup>8</sup>

According to the Administration's own estimates, this increase in fees will "reduce enrollment by 1.254 million, and patients by over 425,000."<sup>9</sup> Priority 7 and Priority 8 veterans that remain in the VA system will be forced to pay an additional cost of hundreds of dollars annually for VA care.

**Claim: Estimates of the impact of budget provisions on veterans are extrapolations that represent a "leap of faith."<sup>10</sup> Attempting to estimate specific impacts of the budget on veterans is impossible.**

The Facts: The estimates in the staff report of the number of veterans who will lose VA health care under the President's budget are based on the Administration's own estimates of the impact of specific budget proposals. These estimates are drawn directly from VA's models of (1) the impact of increasing fees for Priority 7 and Priority 8 veterans and (2) the impact of suspending enrollment for Priority 8 veterans.<sup>11</sup>

**Claim: The country cannot afford to provide all veterans with health care.**

The Facts: The provisions in the President's budget that eliminate or curtail health care for Priority 7 and Priority 8 veterans save approximately \$1.1 billion annually.<sup>12</sup> This savings is equal to less than 2% of the annual cost of the tax cuts proposed by the Administration and Republicans in Congress.

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## Endnotes

1. The American Legion Magazine, *A System Worth Saving* (May 2003).
2. Bureau of Labor Statistics, *Consumer Price Index: All Urban Consumers* (2003).
3. Department of Veterans Affairs, *FY 2004 Budget Submission*, Volume 2, at 2-14 (2003).
4. Department of Veterans Affairs, *Veterans Health Care Enrollment and Expenditure Projections* (Sep. 2002).

5. *FY 2004 Budget Submission*, *supra* note 3.
6. Congressional Budget Office, *CBO's Baseline Projections of Discretionary Budget Authority and Outlays (By function)* (2003) (online at <http://www.cbo.gov/showdoc.cfm?index=1944&sequence=0#table2>)
7. Department of Veterans Affairs, *Principi Decries Myth of Budget 'Slash''* (press release) (Apr. 24, 2003).
8. Joint Explanatory Statement of the Committee of Conference, *Fiscal Year 2004 Budget Resolution* (Apr. 11, 2003) (online at [www.house.gov/budget/04stmntmngs.pdf](http://www.house.gov/budget/04stmntmngs.pdf)).
9. Department of Veterans Affairs, *supra* note 3, at 2-53.
10. *Colo. Vets May Face Big Cuts*, Denver Post (Apr. 8, 2003).
11. Department of Veterans Affairs, *supra* note 3. Department of Veterans Affairs, *Impact of Suspending Enrollment of Priority 8 Veterans by State for FY 2003* (2003).
12. *Id.*